Lisa Tormoen Hickey
Tormoen Hickey LLC
14 N. Sierra Madre
Colorado Springs, CO 80903
(719) 302-2142
lisahickey@newlawgroup.com
Attorneys for the Interwest Energy Alliance

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Application of Rocky Mountain Power for Approval of Solicitation Process for Solar Photovoltaic and Thermal Resources	Docket No. 18-035-47

INITIAL COMMENTS OF THE INTERWEST ENERGY ALLIANCE

The Interwest Energy Alliance submits these initial comments pursuant to the Scheduling Order entered in this docket on January 16, 2019.

INTRODUCTION

PacifiCorp has filed an application with the Utah Public Service Commission (the "Application") which will seek approval of a request for proposals ("RFP") to solicit resources generating approximately 205,000 MWh per year, for up to 25 years, from new geothermal, solar photovoltaic and/or wind facilities that can achieve commercial operation between June 30, 2020 and December 31, 2021.[1]

Interwest supports the intent of the Application, including the proposed procurement to serve specific customer needs and to fulfill its several of its largest customers' goals set forth in the Joint Clean Energy Cooperation Statement.[2] Interwest participated in the rulemaking process

[1] The Application, filed with the Utah PSC under Docket No. 18-035-47, is found at https://pscdocs.utah.gov/electric/18docs/1803547/306058AppApprovSolicProc12-28-2018.pdf.
[2] Various municipal, state agency, and commercial interests have signed commitments to higher amounts of renewable energy, and the proposed procurement will include resources to serve these

opened by the Commission to address the content and filing of an application, to establish the solicitation process and criteria to be used to identify the competitive market price and select an energy resource, and to address other factors determined to be in the public interest. The resulting rules, effective December, 2018, are now codified as Utah Admin. Code Sec. R-746-450.

Interwest further supports PacifiCorp's desire to own solar energy projects at a competitive rate of return rather than a regulated rate of return, so long as these projects are acquired in a competitive solicitation process which is fair, predictable, and transparent. The rules were drafted to provide a level playing field so Interwest is aware that the Commission and stakeholders are keenly interested in obtaining a robust response to the RFP. Interwest will focus on these comments on one particular issue, related to transmission interconnection. Interwest may submit a petition to intervene in this docket and is uncertain what issues may be raised as part of its intervention after further inquiry and review. Interwest hopes to engage productively towards solutions.

TRANSMISSION ISSUES AFFECTING THE SOLICITATION

The 2019R Utah RFP will be a "Specific Customer Solicitation" as the term is defined by Utah Admin. Code Sec. R-746-450-1. Consistent with R-746-450, the facilities supplying the renewable energy can be utility-owned, customer-owned, or owned by a third party. The resource acquired must be used to provide renewable service under Schedules 32 and 34. The 2019R Utah

goals. "Another Utah city commits to 100% renewables", M. Froese, Jan. 10, 2019, https://www.windpowerengineering.com/business-news-projects/another-utah-city-commits-to-100-renewables/. Joint Clean Energy Cooperation Statement, Salt Lake City version, Aug. 8, 2016, http://www.slcdocs.com/slcgreen/Climate%20&%20Energy/CooperationStatement.pdf.

RFP seeks up to 205,000 megawatt-hours ("MWh") per year, for up to 25 years, of geothermal, solar, and/or wind renewable energy to supply Park City, Utah, Salt Lake City, Utah, Summit County, Utah, Utah Valley University, Deer Valley Resort, and Vail Resorts ("Participating Customers"), per their request, under Schedule 34. This equates to approximately 30 MW of geothermal capacity or approximately 65 to 80 MW of wind or solar capacity. The Company selected non-price criteria to capture elements of the bids that do not translate well into dollar per megawatt-hour amounts, but that nevertheless help to ensure that only high-quality projects with reasonably low levels of risk make it through to final selection. The price-based selection criteria are designed to allow each bid to be evaluated on a total cost basis.

Interconnection commitments are required for an eligible bid. PacifiCorp's initial testimony describes the bid review process, including non-price criteria, followed by a description of price-based criteria as follows:

> **Q. What price-based criteria will be used to evaluate the bids?**
> A. The price-based selection criteria are designed to allow each bid to be evaluated on a total cost basis. The Company will rank the bids based on the difference between the dollar per MWh price of the proposed resource, and the Proxy/PDDRR method the Company uses for determining the avoided costs for qualifying facilities. Under the 2019R Utah RFP, the Company may also use the Schedule 32 pricing methodology to rank bids, because that method places a greater emphasis on the dollar per MWh price and profile relative to a customer's load. *The price evaluation will also incorporate any network upgrade costs associated with interconnection and transmission to customers to the extent such costs have not already been incorporated into the bid price. This includes network upgrade costs identified for both interconnection and for transmission service. These interconnection and transmission requirements are equally applicable to all bidders, and ensures that the impacts of interconnection or delivery locations proposed by bidders will be fairly considered in the selection process as required by the Commission's rules.*[3]

[3] Direct Testimony of Mark Tourangeau, pp. 10-11 (emphasis added).

Understandably, Mr. Tourangeau indicates that all bidders must provide evidence that they can complete certain interconnection and transmission requirements applicable to all bidders.[4] The RFP further states as follows:

> Rocky Mountain Power is seeking renewable resources physically located in Utah capable of: (1) directly interconnecting with PacifiCorp's system in its PACE balancing area or (2) interconnecting with a third-party system and using third-party firm transmission service to deliver to the PACE transmission system. With either method, Rocky Mountain Power prefers bids that will not face significant transmission costs or constraints between: (1) the resource's point of interconnection or the resource's delivery point on PacifiCorp's transmission system; and (2) PacifiCorp network load. While Rocky Mountain Power provides these general guidelines, the available transfer capability from the project or project delivery point to PacifiCorp's network load cannot be known or estimated until the bidder identifies its proposed point of interconnection/point of delivery. Bidders are thus required to provide as much granularity and documentation as possible regarding their proposed point of interconnection/point of delivery. Bidders should also indicate with their bids whether their project will include any jointly owned generation tie lines or other shared facilities arrangements.
>
> As noted above, the minimum eligibility requirements for bidders include the provision of evidence that the proposed project has either: (1) requested a direct interconnection with PacifiCorp's transmission system and executed an interconnection feasibility study or system impact study (SIS) agreement with PacifiCorp's transmission function; or (2) requested interconnection with a third party's system, executed an interconnection feasibility study agreement with the third party transmission provider, and requested long term, firm third-party transmission service from the resource's point of interconnection with the third party's system to the proposed point of delivery on PacifiCorp's system.[5]

Bidders must know the costs and timing of interconnection requirements to prepare a valid and cost-based bid, under competitive market conditions. Projects to be owned by the utility under a build-transfer arrangement have similar requirements, stated as follows:

> BTA proposals that will require a new electrical interconnection or an upgrade to an existing electrical interconnection, regardless of the project's interconnection to either PacifiCorp's system or to another utility's system, must include a firm statement of the cost

[4] Tourangeau, p. 10.
[5] RFP, p. ___(*emphasis added*).

> of interconnection (broken out between network upgrade costs and facility specific or direct assigned interconnection costs), together with a diagram of the interconnection facilities. The interconnection costs included in the bids from all bidders will be considered as firm costs and included in the bid evaluation. Interconnection costs should be clearly identified in the resource cost proposal and differentiate the portion of costs associated with network upgrades and that portion that are facility-specific.[6]

Finally, the RFP states as follows:

> *When the Company requests Best and Final Offers we will require a completed interconnection system impact study (SIS) (for projects directly interconnected to the Company's system) or a completed third-party interconnection SIS and a completed third party transmission service study (for projects using third-party transmission) to determine the actual direct assigned cost for the interconnection or transmission services. Bids will be evaluated based on the direct assigned interconnection costs submitted in the bids, which will be considered firm costs for the initial shortlist evaluation. Bids that are selected to the initial shortlist will be held to their best and final pricing for final shortlist evaluation.*[7]

Best and Final Offers are anticipated by April 24, 2019 and Rocky Mountain Power plans to execute contracts by June 28, 2019. The customer goals and timing requirements are of paramount importance.[8]

Studies regarding interconnection costs, including completed interconnection system impact studies to determine the actual direct assigned costs for the interconnection and transmission services of all bids are prepared by the PacifiCorp Transmission Operator under its OATT for transmission customers in the queue. The process to request an interconnection queue position, advance it through the system impact study, and ultimately the facility study is often substantially delayed resulting in queue positions remaining in a state of unknown costs and schedules for extended time periods, limiting their ability to compete in procurement opportunities.

---

[6] RFP, p. 20 of 71.
[7] RFP, p. 21 of 71. (*emphasis added*).
[8] Application, p. 7.

Priority queue positions and all upgrades included in those positions are assumed to be required for subsequent projects, causing uncertainty and inefficient upgrade allocation deterring well positioned projects from competing in procurement opportunities. The serial queue process results in substantial restudy requirements often caused by queue withdrawals further slowing study processes, leading to uncertainty around costs, and further resulting in inefficient cost allocation between projects. With low security fee requirements, low study costs, and low risk to maintaining queue positions, uneconomic projects are able to keep queue positions for years without allowing more optimally sited projects to move forward. In recent months the rate of completion of system impact studies and restudies has slowed significantly, creating challenges for transmission customers to compete in solicitations without a completed system impact study. This situation impedes a large number of potentially cost-effective bids from qualifying under the solicitation. These limitations can ultimately increase costs to ratepayers over what the most efficient bids could offer if they were to qualify under the RFP. Therefore, the current circumstances are not optimal for enabling a competitive solicitation to proceed in a fair and transparent manner, on a level playing field. The transmission operator must ensure fair and expedient interconnection study evaluation and queue project review in order to have a truly competitive solicitation and acquisition process.

SUMMARY

Interwest is working to engage with PacifiCorp and other impacted stakeholders to work on these challenges restricting renewable development in Utah. In the interim, Interwest recommends that system impact studies requirement be extended to a reasonable date, with additional transparency about how the queue study process has been operating so bidders can

commit to commercial operation dates with more certainty, or some other alternative resolution be agreed upon by all stakeholders. Interwest is interested in participating in further discussions to reach efficient solutions so the utility and Utah customers can reach their mutual goals to achieve higher levels of renewable energy.

Interwest appreciates the opportunity to submit these initial comments. Interwest reserves the right to modify or supplement its position about this application as the docket proceeds. As indicated above, Interwest supports PacifiCorp's activities to procure additional renewable energy under S.B. 261 and will look forward to further discussion.

Respectfully submitted,

TORMOEN HICKEY LLC

By: *Lisa Tormoen Hickey*
Lisa Tormoen Hickey
14 N. Sierra Madre
Colorado Springs, CO 80903
(719) 302-2142
lisahickey@newlawgroup.com
Counsel for the Interwest Energy Alliance

Interwest Energy Alliance
P.O. Box 8526
Santa Fe, NM 87504
www.Interwest.org

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was filed and served on the following, by email unless noted otherwise, on this 13th day of February, 2019:

psc@utah.gov, Utah Public Service Commission

ROCKY MOUNTAIN POWER Yvonne Hogle (Yvonne.hogle@pacificorp.com) Data Request Response Center (datarequest@pacificorp.com) Utah Dockets Utahdockets@pacificorp.com Jana Saba Jana.saba@pacificorp.com Joelle Stewart Joelle.Stewart@pacificorp.com	DIVISION OF PUBLIC UTILITIES Erika Tedder (etedder@utah.gov) ASSISTANT UTAH ATTORNEYS GENERAL Patricia Schmid (pschmid@agutah.gov) Justin Jetter (jjetter@agutah.gov) Chris Parker (chrisparker@utah.gov) william Powell wpowell@utah.gov dpudatarequest@utah.gov	OFFICE OF CONSUMER SERVICES Office of Consumer Services Robert Moore rmoore@agutah.gov Steven Snarr stevensnarr@agutah.gov Michele Beck (mbeck@utah.gov) Cheryl Murray (cmurray@utah.gov) Bela Vastag (bvastag@utah.gov)
UTAH ASSOCIATION OF ENERGY USERS Gary Dodge (gdodge@hjdlaw.com) Phillip J. Russell (prussell@hjdlaw.com	UTAH CLEAN ENERGY hunter@utahcleanenergy.org kate@utahcleanenergy.org sarah@utahcleanenergy.org	

/s/ *Lisa Tormoen Hickey*